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AN IDENTITY PERSPECTIVE ON COOPETITION IN THE CRAFT BEER INDUSTRY

Blake D. Mathias | Annelore Huyghe | Casey J. Frid | Tera L. Galloway

Research Summary: To further our understanding of how and why organizations engage in coopetition, we explore cooperative and competitive actions in the craft beer industry. Through an inductive field study, including interviews with craft brewery owners, we propose collective identity and collective norms play a critical role in the persistence of coopetition over time. Our process model suggests that (a) an oppositional collective identity, (b) the shared belief that a rising tide lifts all boats, and (c) the shared belief that advice and assistance should be paid forward, can lead to the persistence of coopetition beyond market category emergence.

Managerial Summary: This paper develops a theory of how smaller, craft-based organizations (i.e., “Davids”) encourage cohesion and cooperation amongst themselves when operating against an incumbent market of massproducers (i.e., “Goliaths”). An ideological opposition to existing players can lead to a shared belief that helping organizations like your own benefits everyone—the rising tide lifts all boats mentality. Similarly, when organizations first enter a market and receive help from established members, they can feel compelled to help others who enter the market after—the pay-it-forward mentality. Together, these mechanisms offer an explanation as to how and why coopetition might persist in a market category over time.

Keywords: coopetition, market categories, oppositional identity, qualitative research, reciprocity

INTRODUCTION

We spend way more time, resources, and energy on the positive world of collaboration and much less on the negative, reactionary world of competition. —Sam Calagione, Dogfish Head Founder

A vital and enduring question in organizational studies addresses why organizations simultaneously compete and cooperate with each other (Bengtsson & Kock, 1999; Chen, 2008). Research suggests the benefits related to the pursuit of a coopetition strategy are high, especially when firms seek to develop technological capabilities or create new markets (Chen & Miller, 2012). Indeed, within emergent market categories, organizations often engage in collective action and cooperate with other category members to build and legitimate the category (Navis & Glynn, 2010; Weber, Heinze, & DeSoucey, 2008; Wry, Lounsbury, & Glynn, 2011). Scholars claim these coopetitive relationships provide access to certain knowledge or resources while conferring benefits to all category members (Lado, Boyd, & Hanlon, 1997; Park, Srivastava, &

Gnyawali, 2014). However, organizations must continually assess the need to sustain a coopetition strategy (Gnyawali & Park, 2009; Hannah & Eisenhardt, 2018). As a market category expands and gains legitimacy, the benefits derived from cooperation decline, and organizations—to optimize financial performance—move their strategic emphasis from “value creation” and cooperation toward “value appropriation” and competition (Bengtsson & Kock, 2000; Brandenburger & Nalebuff, 1996). At the very least, organizations will weigh the benefits and costs of coopetition, and cooperation is likely to diminish if it offers no economic incentives, which typically occurs as market categories mature (Gnyawali & Park, 2009; Lado et al., 1997). Therefore, current theory largely focuses on cooperative behaviors occurring in nascent market stages, and accordingly, we lack an understanding of how and why coopetition persists beyond a market category’s emergent phase. Through an inductive, qualitative study of the craft beer industry, we take an identity perspective and develop a process model that explains how and why coopetition persists in a market category over time. Our theory contributes to the coopetition, collective identity, and reciprocity literatures. First, existing coopetition literature lacks an explanation for how and why coopetition would persist as a market category matures. Whereas existing research suggests cooperation will dissipate over time (Brandenburger & Nalebuff, 1996; Gnyawali & Park, 2009), our work enriches existing coopetition research by proposing that an oppositional collective identity and collective norms serve as drivers of self-perpetuating cooperative behaviors in a market category. Second, prior studies on coopetition have focused on economic drivers of cooperative behaviors between competitors but lack an evaluation of non-financial objectives (Chen & Miller, 2015, p. 771). Our research shows coopetition can persist beyond financial and self-serving actions. We theorize that established organizations, guided by a strong oppositional collective identity, assist new entrants by paying it forward—a non-

economic mechanism that explains the enduring nature of cooperation. This finding extends work on coopetition and reciprocity (Belmi & Pfeffer, 2015; Flynn, 2005) by advancing the idea that generalized exchange not only occurs within organizations, but can also emerge among a collective of organizations. Our study further adds to the coopetition literature by answering calls from Park et al. (2014, p. 219) to provide novel insights into the interplay between cooperation and competition over time. Although collective identity has previously been linked to cooperation, we propose it also guides competition and the interplay between both. Specifically, we find the oppositional collective identity leads organizations to share the belief that a rising tide lifts all boats. The rising tide explains how and why the oppositional collective balanced cooperative and competitive actions to ensure continued growth as the market category matured. By perceiving the tide only rises if quality in the market category remains high, organizations, somewhat counterintuitively, desire higher-quality competitors. This results in “friendly competition” to ensure high-standards are upheld within the collective. By highlighting the aim of coopetition is not merely to benefit one’s organization but to enhance the entire category, we contribute to the “relational” view of competition (Chen & Miller, 2011, 2015). In so doing, we also enrich work at the intersection of collective identity and new market categories (Navis & Glynn, 2010; Wry et al., 2011). Together, we leverage identity theory to advance our understanding of coopetition.

COLLECTIVE IDENTITY AND MARKET CATEGORIES

Identity involves self-referential meaning and describes the essence of an entity (i.e., “Who are we?”) (Pratt, 2003). Research on collective identity has extended the concept of identity beyond the personal level to address the “we-ness” or “one-ness” of a group (Brewer & Gardner, 1996). It stresses the similarities, or shared attributes, around which group members coalesce (Polletta

& Jasper, 2001). This shared position does not require direct interchange with all social category members, but rather reflects a set of cognitive beliefs shared with other category members, such as an ideological position (Ashmore, Deaux, & McLaughlin-Volpe, 2004). A salient feature of collective identity is that it enables both internal and external audiences to distinguish between groups (Lounsbury, 2007; Wry et al., 2011). Furthermore, as members identify with a collective identity, they become increasingly likely to abide by its norms and prescriptions (March & Olsen, 2006), cooperate with “similar others” in the group (Flynn, 2005), and protect the interests of the collective and its members against contending identities (Tajfel & Turner, 1979). A strong collective identity exerts a significant influence on members’ commitment to collective action (Fligstein, 1997) and encourages them to reduce self-interest in favor of group interest (Brewer & Kramer, 1986). In organizational studies, collective identity has primarily been explained at the micro-level, reflecting organizational members’ convergent beliefs about the central, enduring and distinctive attributes of their organization (Albert & Whetten, 1985). However, research has moved beyond a single organization and toward collective identities encompassing multiple organizations (Glynn, 2008). Prior work exploring collective identity at the inter-organizational level often takes an institutional perspective, thereby recognizing the key role identity plays in the legitimation of new industries (Clegg, Rhodes, & Kornberger, 2007; Porac, Thomas, Wilson, Paton, & Kanfer, 1995), market categories (Khair & Wadhvani, 2010; Weber et al., 2008), and strategic or entrepreneurial groups (Fiol & Romanelli, 2012; Wry et al., 2011).

Scholars emphasize collective identity construction is essential to emergent market categories for two critical reasons: guiding collective action and building legitimacy. First, collective identity fosters internal cohesion (Weber et al., 2008) and shapes collective actions category members

undertake (Fligstein, 1997). This allows organizations in emergent market categories to mobilize resources and incite change (Lounsbury, Ventresca, & Hirsch, 2003; Rao, Monin, & Durand, 2003). When member organizations band together, they often develop a set of standards and form professional associations. Such actions help further unify the collective through shared governance and agreement on rules underlying core practices (Fiol & Romanelli, 2012; Rajwani, Lawton, & Phillips, 2015). Research demonstrates these associations provide emergent category members with a unified voice to challenge the status quo (Greenwood, Suddaby, & Hinings, 2002; Lounsbury & Crumley, 2007). Given the challenges of working independently in a new market category, collective identities guide emergent category members to act collectively to achieve their aims (Davis, 2013).

Collective identity also enables external audiences to distinguish among fields and perceive them as attractive and legitimate (Glynn, 2008). For instance, during the rise of the satellite radio market segment, member organizations espoused a collective identity and engaged in collective action to achieve legitimacy (Navis & Glynn, 2010). Similarly, the emergence of Australian business coaching benefited from organizations constructing not only their own identities, but a collective identity as well (Clegg et al., 2007). Thus, the formation and enactment of collective identities plays a central role in legitimacy building for emergent categories (Fiol & Romanelli, 2012; Wry et al., 2011).

Oppositional identities

New market categories that arise out of a set of shared beliefs that are ideologically divergent from the status quo, referred to as oppositional markets, possess oppositional collective identities (Rao et al., 2003). Oppositional collective identity is commonly rooted in notions of authenticity (i.e., being true to “who we are”), and offers differentiation from and protection against dominant

“generalist” market categories (McKendrick & Hannan, 2014). Put differently, it reflects an identity shared among category members who are ideologically opposed to the dominant market logic of existing firms (Verhaal, Khessina, & Dobrev, 2015). It is the adherence to this set of beliefs, and the cohesion around an oppositional collective identity, that allows emergent oppositional market categories to challenge incumbents (King & Pearce, 2010). Whereas other emergent market categories might offer products objectively superior to existing products (e.g., how DVD replaced the VHS market), oppositional markets depend on their ideological and identity-based differences to differentiate themselves from the incumbent market (Verhaal et al., 2015, p. 1468). For example, the grassfed meat and dairy (Weber et al., 2008), energy (Sine, Haveman, & Tolbert, 2005), micro radio (Greve, Pozner, & Rao, 2006), and whisky (McKendrick & Hannan, 2014) categories emerged to provide an ideological alternative to the status quo. Research has long recognized that when categorically distinct groups compete for limited resources, such as when an opposition challenges incumbents, the groups develop friction with one another (Sherif, 1961). This can enhance the “oppositional” nature of the collective identity and strengthen ties among in-group members. Accordingly, in their quest to challenge incumbents, oppositional market categories take collective action (Verhaal et al., 2015). Taken together, existing research demonstrates the importance of collective identity to the emergence and legitimation of (oppositional) market categories. However, prior work also suggests collective action should not last indefinitely. Rather, once the market category reaches a legitimacy threshold and is recognized by an external audience, organizations try to differentiate from each other and focus on building organizational identities (Navis & Glynn, 2010). As a market category grows and matures, collective identity can become constrained by member organizations’ need for “optimal distinctiveness”—a tension between similarity to and

uniqueness from others in the collective (Brewer, 1991). Accordingly, facing pressures to differentiate themselves within the group to be competitively distinctive, members of the collective begin to act in their self-interests, which can undermine and weaken the collective identity (Patvardhan, Gioia, & Hamilton, 2015) and negatively impact organizations' willingness to engage in collective action (Fiol & Romanelli, 2012). Thus, in later stages of market category development, member organizations' actions can become more individualistic than collectivistic as they mute their need for inclusion and focus instead on their need for distinctiveness. This is consistent with existing coopetition literature, which demonstrates a transition from cooperation-dominated relationships to competition-dominated relationships in market creation processes (Bengtsson & Kock, 2000; Brandenburger & Nalebuff, 1996; Gnyawali & Park, 2009; Lado et al., 1997). However, we lack an understanding of how and why coopetition might persist beyond market category emergence. Thus, our research question addresses: *“how and why coopetition persists in a market category over time.”*

METHODS

Research setting

We selected the craft beer industry in the United States as the context of our inductive field study for several reasons. First, we sought to explore coopetition among organizations in a setting where cooperation remains dominant even though market category maturation suggests intense rivalry and competition. At the time of our study, the U.S. craft beer industry has experienced a rise in sales volume—growing nearly 15% annually for the past 5 years (Brewers Association, 2016). Yet, at the same time, new entrants have flooded the market. The number of craft breweries has more than doubled in the past 5 years—from 1,976 in 2011 to 4,656 in 2016—with brewery opening growth rates expected to continue (Brewers Association, 2016). Additionally,

competitor growth has significantly outpaced sales growth in the industry—a point which has led many to claim that the U.S. is approaching a “craft beer bubble” (Morris, 2015). Second, with the increase in market players and product offerings, craft breweries can no longer rely solely on beer styles as a means of differentiation. Craft beer consumers are not brand loyal and instead seek the newest products and innovations (Davis, 2013). Thus, outlets offering craft beer are encouraged to continuously rotate kegs, putting pressure on craft breweries to continually innovate despite being undercapitalized (Davis, 2013). Couple the large and growing number of new entrants with the use of scarce commodity inputs, the need for constant innovation, dwindling shelf space and tap line availability, and it appears craft breweries operate in an increasingly competitive environment (Infante, 2015). Despite these competitive pressures, media reports and online forums illustrate continued cooperation among craft brewers.

Data collection

We drew upon multiple data sources to provide a holistic and process-oriented perspective on coopetition dynamics in the craft beer industry. Semi-structured interviews with U.S. craft brewery owners served as our main source of information. We triangulated these interviews using interview data with Belgian craft brewery owners. Non-participant observation, particularly attending craft beer events, allowed us to witness how craft brewery owners informally interacted with one another. Finally, websites and archival documents served as a vital supplementary data source for understanding how and why coopetition persists over time.

Semi-structured interviews. We conducted semi-structured, one-on-one interviews with 21 founders—owners of craft breweries in the United States. The Brewers Association, the primary professional association of U.S. craft brewers, defines craft breweries as small, independent, and traditional breweries that focus on innovation and quality. We initially

identified informants through personal contacts and networking at local craft beer events, via archival search, and by posting a participation request on the Brewers Association listserv. Subsequently, we employed purposeful sampling (Glaser & Strauss, 1967) and snowball sampling (Denzin & Lincoln, 2000) to identify additional respondents. To maximize diversity within the market category, we selected craft breweries: (a) across multiple geographic contexts—urban, suburban, and non-metro regions, (b) at varying stages of development—nascent, young, and mature, and (c) of different sizes—with annual sales ranging from U.S. \$100,000 to \$69 million; employee base from 0 to 262; and annual barrels of beer produced from 150 to 250,000. By stratifying the sample in this manner, we can control for the effects that region-, industry-, and organization-level growth may have on cooperative and competitive actions. We also interviewed five craft breweries in Belgium—a country with a rich brewing history and heritage—to triangulate our primary U.S. interview data. The Belgian interviews allowed us to explore boundary conditions and to examine whether similar coopetitive dynamics, and mechanisms underlying such dynamics, exist in an even more mature context. We found they largely did. We continued sampling until we reached theoretical saturation, or the point at which only marginal insights were gleaned from additional participants (Strauss & Corbin, 1998). The interviews ranged between one and 2 hrs in length, and centered on understanding how and why craft breweries engaged in coopetition. They were digitally recorded and transcribed, resulting in 544 pages of single-spaced text. Twenty of the 26 initial interviews took place face-to-face at the brewery and were complemented with a tour of the facilities.¹ The remaining interviews were conducted via telephone or Skype. During and immediately following each interview, we took field notes by chronicling lessons learned from the interview process. Interviews became progressively more structured as themes emerged in the data. Table 1 provides the descriptive

information for the respondents and their respective craft breweries in our sample. Additionally, to enhance our study's robustness and facilitate a deeper understanding of coopetition, we conducted follow-up interviews with eight U.S. craft brewery owners.

INSERT TABLE 1 ABOUT HERE

Non-participant observation. We attended 21 craft beer events (e.g., Great American Beer Festival, Zythos Beer Festival) during our research. These events ranged in duration from 1 hr to several hours. The festivals and trade fairs provided an informal opportunity to meet, interact, and learn from craft brewery owners. Each event involved multiple craft breweries (usually from the same geographic area), giving us an opportunity to observe how craft breweries interacted with one another on an informal basis. As our interviews were conducted one-on-one, these beer festivals provided additional insights into the social and relational aspects of coopetition among craft breweries. We observed both cooperative behaviors (e.g., knowledge-sharing) and competitive behaviors (e.g., craft beer awards) occurring in a natural setting. We kept detailed field notes from these events and discussed our takeaways with the author team. Additionally, over the past 4 years, the lead author has hosted craft brewery owners as class guest speakers each semester. Through classroom Q&A and personal discussions following the guest lecture, these informal interactions have shed light on the issues facing the breweries, relationships with other breweries, and the general state and evolution of the craft beer industry.

Websites and archival documents. By joining the Brewers Association, we gained access to the most comprehensive database of statistics on the U.S. craft beer industry (e.g., national sales figures, number of breweries, market share, etc.) as well as the most recent and extensive news and information regarding the craft beer community. We also read and analyzed the most widely-used online discussion forums among craft brewers in the U.S. and Belgium

(i.e., BrewersAssociation.org, ProBrewer.com, Zythos.be, and BelgianBeerBoard.com). These online forums allow new entrants and incumbents to post questions (or updates) about suppliers, marketing, distribution, and brewing operations that are answered by other craft breweries. For example, on the ProBrewer.com site, there are over 18,000 posts (Q&A) on brewery equipment alone. Essentially, these online discussion forums facilitate cooperative actions within the craft beer industry, providing us with information on the types and frequency of such efforts. Additionally, we read and analyzed four autobiographies of influential figures in the U.S. craft beer industry, following the pattern matching approach for autobiographies suggested by Mathias and Smith (2016). This offered unique insights into the historical construction of the oppositional collective identity. We also read articles pertaining to coopetition in the industry. We gathered all past and available issues (i.e., 2000-onward) of the U.S. craft beer industry's trade journal, *The New Brewer*. We did the same with the Belgian equivalent, *Zytholoog*, published since 2012 (the earliest available digitally). Finally, we read and assessed mass media news articles offering a wide array of information on the industry's history and current events.

Data analysis

Our analysis relied on the multiple data sources previously described and conformed to inductive, qualitative approaches devised for the development of theoretical concepts (Strauss & Corbin, 1998). In line with recent research exploring identity (e.g., Kreiner, Hollensbe, Sheep, Smith, & Kataria, 2015), our data analysis unfolded in two parallel processes. First, we used the websites and archival data to deepen our historical perspective of the craft beer industry, and particularly, to understand the emergence and persistence of coopetition. Through an iterative fashion, we read and analyzed these data by broadly categorizing the mechanisms by which, and through which, coopetition occurred. These often-historical accounts led to a generalized

understanding of the causes of past events, and the temporal sequence of coopetition within the industry (David, Sine, & Haveman, 2013). Our second process for data analysis was more detailed and involved line-by-line coding of our interview transcripts. We categorized and labeled any direct statements about actions, beliefs, or processes related to coopetition (i.e., first-order, informant-centric codes). The interview-coding process was also iterative—shifting back and forth between data and the emerging code structure (Glaser & Strauss, 1967). Throughout this iterative process, we compared codes among all informants to synthesize and explain larger segments of the data. In this initial step, we identified the most salient and frequently appearing codes across interviews. Comparing interviews and supplemental data—which were collected across three dimensions of geography, firm life cycle, and firm size—enabled us to detect patterns in our areas of interest. As we worked through the data, we synthesized and clustered our first-order codes into theoretical categories (i.e., second-order, researcher-centric themes). This “axial coding” was an iterative and comparative process that involved cycling among first-order codes to aggregate them into second-order themes (Strauss & Corbin, 1998). For example, we discovered numerous (first-order) statements across many of our participants about their concern over product quality. We realized these statements reflected a larger (second-order) theme—how craft breweries perceived competition (i.e., relational rather than rivalrous). Finally, we condensed second-order themes into four aggregate dimensions to form the basis of our process model and contribution. The first aggregate dimension reflects statements about cooperation and competition and their persistence over time. The other three dimensions—oppositional collective identity, a rising tide lifts all boats, and paying it forward—reflect how and why craft breweries continue to engage in coopetition. To ensure our categorizations were developed systematically, each co-author independently assessed one another’s coding and

categorizations. In addition, we used member checks by sharing our findings with participants in the study to verify our assessments made sense (Locke & Velamuri, 2009), as well as relied on peer debriefing (Lincoln & Guba, 1985). Table 2 depicts the data structure, or the relationships between the first-order codes, second-order themes, and aggregate dimensions.

INSERT TABLE 2 ABOUT HERE

FINDINGS

Our analysis suggests that in the late 1970s to 1980s—a historical low-point for craft breweries in the U.S (Brewers Association, 2016)—a small group of craft breweries formed a cohesive community that opposed existing product offerings. They shared a passionate interest in unique and highquality beer and banded together to support one another. As more organizations entered the craft beer category with its oppositional collective identity, members believed cooperation would lead to better-educated consumers, guide drinkers away from the “Big 3” American mass-producers (i.e., AB InBev, Miller, Coors),² and enhance overall craft beer consumption.

In recent years, the craft beer category has attained legitimacy and competitive pressures have increased, yet we find coopetition has persisted. Driven by the shared belief that a rising tide lifts all boats, craft breweries leveraged cooperative actions to become better competitors collectively. At the same time, members perceived the tide only rises if quality standards in the market category remain high. Accordingly, craft breweries engaged in “friendly competition” by striving to produce a better quality beer than their craft beer counterparts. Furthermore, acknowledging they received immeasurable help and support from other craft breweries during their foundational years, established organizations felt compelled to pay it forward by helping new entrants to the craft beer industry. Such collective norms of unilateral giving and indirect

reciprocation have led to ongoing cooperation within the collective. In Figure 1, we provide a process model portraying how and why coopetition has persisted in the craft beer industry, and in the following sections, we expound upon these key findings.

INSERT FIGURE 1 ABOUT HERE

Oppositional collective identity and persistence of coopetition

In 1978, the American beer market was at its most dismal... This was undoubtedly rock bottom—the Dark Ages of brewing in the United States. —Greg Koch, co-founder Stone Brewing, The Craft of Stone Brewing Co., Autobiography

In 1980, the number of American craft breweries totaled eight (Brewers Association, 2016). This small band of craft brewery owners as well as those who joined the craft beer category in the late 1970s and early 1980s pioneered the craft beer movement—establishing craft beer as a market category fundamentally distinct from, and ideologically opposed to, the incumbent mass-producers of beer in that era. These individuals, many of whom had simply been homebrew enthusiasts, espoused a passion for beer and launched their craft breweries, in part, to offer the consumer an alternative to the light-adjunct lager dominating the beer landscape. Together, they formed the American Homebrewers Association (AHA) in Colorado, which criticized the mass-producers and mass-marketers that had “ruined beer in America.” The AHA published the first issue of Zymurgy magazine, publicized the federal legalization of home brewing, and called for entries in the first AHA National Homebrew Competition (Brewers Association, 2016).

The Anheuser-Busch group, the biggest brewing company in the world, produces as much beer as the Soviet Union. Coors has output approaching that of Belgium...Biggest is not necessarily best. Unfortunately, people who make destructive and irreversible decisions based on ‘popular taste’ are usually ten years behind everyone else. People who quote ‘taste’ to support their argument usually have no taste and no argument...For the health of the brewing industry, as well as the benefit of the consumer, such flashes of [craft] individualism should be maintained. —Michael Jackson, The World Guide to Beer, 1977

*Before Prohibition, literally thousands of breweries existed...one imagines there was a genuine sharing of kinship among brewers. After Prohibition, mass-marketing began to rear its foaming head in search of the perfect beer that would appeal to the most people. Never mind diversity. Never mind variety. Never mind the traditional ideals that American brewers had developed for more than 150 years. —Charlie Papazian, *The Complete Joy of Home Brewing*, 1984*

In so doing, these craft beer enthusiasts formed a close-knit community to learn from, and help, one another. This group of pioneers, which included craft breweries such as Anchor, New Albion, and Newman Brewing Company, developed an ethos of collaboration by welcoming new entrants to their fold. This helped establish a highly cooperative collective identity for the craft beer category. In fact, in reflecting on their initial years in the industry, two prominent early members of the market category highlighted their opposition to the mass-producers and the camaraderie it created among craft breweries.

*I can't speak for everyone in that early group, but I think most of us had a similar vision. We wanted to make a different kind of beer; we didn't want to make what other [mega] breweries were brewing... When I first opened Sierra Nevada [in 1979], I received a warm reception from the smallest to the largest brewers in the country. —Ken Grossman, Sierra Nevada (est. 1979), *Beyond the Pale*, Autobiography*

Craft beer—beer made by small breweries dedicated to traditional methods and all-natural ingredients—is part of that revolution against mass-produced products... When I started, there were not many breweries in the east, but some were very helpful to me. We attended the Craft Brewers Conferences in the mid to late 80's, and learned a lot from the pioneers of the craft movement. —Brooklyn (est. 1987), Interview

Indeed, these attributes aligned with the “core values and beliefs” statement of what was to become the Brewers Association, which regarded “building relationships and collaborating” and “working to build a collegial community of brewers” as category essentials. Those who focused on artisanry, authenticity, and quality—and helped others achieve those aims— became part of the craft brewer collective. The collective established these behaviors early in its history.

When we originated the guild, we decided at the early stages to be as uplifting for our entire category as we could. We didn't want to create events that pitted one of us against another. We decided to join together, lock arms, and celebrate the diversity of flavor and style and culture and weave it all together in a fabric that kept us focused on the right goals and direction as an industry. —South Central Michigan (est. 1996), Interview

Yuengling is the oldest brewery in the United States. At the beginning of the craft beer era, budding brewers flocked to Pottsville seeking advice, know-how, equipment and just to see how we do it. The subsequent success of what were then commonly called micro "microbreweries" provided a positive feedback loop for Yuengling... We helped a lot of small guys out. And the craft brewery industry really helped us. —Brewing Manager, Yuengling (est. 1829), Philly Beer Scene Magazine

In mid-2016: (a) the number of U.S. breweries grew to a record high 4,656, or an increase of 917 breweries over the past year—a staggering 25%, (b) approximately 2,200 breweries were currently in planning, and (c) sales growth rates were slowing (Brewers Association, 2016). These indicators led the Brewers Association's chief economist, Bart Watson, to conclude, "the craft beer industry is entering a period of maturation." Existing coopetition literature, as well as collective identity research, would suggest that since the craft beer category has achieved legitimacy and moved beyond its emergent and early-growth stages, member organizations should have abandoned cooperation. Yet, our interviewees repeatedly attested that cohesion around an oppositional collective identity still prompted them to welcome new entrants into their cooperative craft beer community despite the mounting number of craft breweries.

Craft beer has grown out of a counterculture movement and it still has that mentality. When you have a counterculture, especially one that has giant opposition that is this huge, faceless, evil corporation, that makes it easier to relate to people who are on your side. —Lakeside Chicago, Interview

There has been a culture in the industry that is born on the fact that we are so much smaller than the macro beer industry. We have to band together. The enemy is the big three—the macro guys—it is not each other. —Queens New York, Interview

One of the things I love most about craft beer, craft brewers, craft drinkers and the collective bunch of blokes in this industry is the notion 'we're in this together.'
—Dawn, ProBrewer

Our observations indicate that being helpful and cooperative was not just something craft breweries did, but a crucial element of what it meant (and continues to mean) to be a craft brewery. This strong collective identity, which emerged in ideological opposition to incumbent mega-breweries and mass-production, led to cooperation on a variety of fronts, including help with raw materials, brewing operations, distribution, sales and marketing, and business regulations. In fact, the ProBrewer.com and BrewersAssociation.org discussion forums contain over 100,000 responses to questions posed by members of the craft brewery community—most of them new entrants. For example, below is a typical post from an aspiring new brewery owner:

This community of beer lovers, brewers, and dreamers has helped me learn so much on my journey to (hopefully) brewery ownership. I hope I can share and help others as much ... Has anyone had some recent, practical, experience buying full brew-houses, fermenters, and/or bottle fillers from China? —Norfolk_Guy, ProBrewer.com

This post was met with over 50 responses from existing members in the industry, including craft breweries sharing their experiences and recommending equipment to buy (or avoid), providing prices on potential models, and even posting their personal contact information if they could be of further help to the new entrant. Table 3 contains a list of the types of cooperative actions in which craft breweries have actively engaged, including the number of responses breweries have provided to other breweries on the most-popular online discussion forum in the U.S., ProBrewer.com, as well as quotes from our interviewees.

INSERT TABLE 3 ABOUT HERE

Strikingly, the oppositional collective identity not only encouraged cooperative relations but also discouraged disparaging actions toward craft breweries. Brewery owners identified those breweries that lacked a passion for quality beer, were profit-driven, and did not exude the cooperative collective identity as “stinkers” who were “inauthentic” and “uninspired.” Being uncooperative was not valued within the collective.

The industry naturally has competitors, but it is still friendly. You don't really hear people bashing other breweries, ever, and if you do those are the ones that aren't going to stick around. It's not a mean industry. It's really nice. —Central MI (new), Interview

In reflecting on cooperation as a central and enduring attribute of the oppositional collective identity, Charlie Papazian—a driving force behind the craft beer movement as founder of the AHA, Brewers Association, Zymurgy and New Brewer magazines, and Great American Beer Festival— noted in The New Brewer in 2016:

The spirit of craft brewing is enduring. It thrives because of a small and independent community of brewers. American craft brewing has been widely recognized as a remarkably collaborative yet competitive community. That small brewers will assist others with technical, supply chain, and government affairs challenges while actively competing for customers has been a hallmark of what craft brewers and their craft beers represent. —Charlie Papazian, The New Brewer (2016)

Craft brewery owners referred to those within the collective as “family,” “friends,” or a “community.” The clear out-group of mass-producing incumbents encouraged the emergence of this strong oppositional identity and the incumbents’ continued presence in the industry has allowed the collective identity to endure. Table 4 showcases claims craft brewery owners made about the ongoing existence of an oppositional collective identity and the implications it has for coopetition. Proposition 1 formalizes these implications and conveys the overall process model shown in Figure 1—that an oppositional identity can lead to the persistence of coopetition.

Proposition 1: *In a market category with an oppositional collective identity, coopetition will persist beyond market category emergence.*

INSERT TABLE 4 ABOUT HERE

A rising tide lifts all boats and persistence of coopetition

What binds these divisions into the organization called Association of Brewers? Speaking for myself, and I believe for all the boards of advisors and directors of the Association of Brewers, there is a synergy among our activities, expressed best by my wife Sandra, who always reminds me that 2 plus 2 equals 22. —Charlie Papazian, The New Brewer (2000)

“The rising tide lifts all ships” is used frequently amongst our industry. —Central MI, Interview

Despite market category expansion, we found coopetition persisted, in part, because craft breweries believed cooperating with new and existing competitors would protect and advance all members of the collective, which they frequently referred to as the shared belief that “a rising tide lifts all boats.” Brewery owners conveyed how the oppositional identity led to this rising tide mentality that fostered a set of shared goals within the collective—educating consumers about craft beer, promoting craft beer on a local and/or regional level, and ultimately, taking market share from massproducers—which drove coopetition. The oppositional collective held strong beliefs that consumers deserved better beer quality and variety. Historical commentaries noted American beer of the 1980s “was missing choice” and “lacked flavor.” To differentiate their authentic products from the mass-producers and challenge incumbents, craft breweries felt a responsibility not only to produce a more diverse range of highquality beers but also to educate consumers about craft beer. They labeled this the “wineification” of beer. Wineification denotes that many consumers have a general understanding of the unique qualities of wine, and thus, typically order varieties of wine (e.g., Merlot, Chardonnay). Similarly, to encourage consumers to appreciate the complexities of beer and the differences in beer styles, craft breweries enacted an important collective goal of educating potential consumers not about their specific brand or product, but about craft beer in general. As a brewery owner from New York suggested, the goal of the oppositional collective was to get consumers ordering styles of beer, and not necessarily brands of beer.

Budweiser, they are against wineification because they want people to buy their beer because it is Budweiser. They want somebody to go into a store and say “I am buying Budweiser,” not go into a store and say, “I would like a Scotch Ale.” Saying I am going to go in to a store and looking for a Scotch Ale is wineification. —Brooklyn, Interview

In addition to helping the general category of craft beer, brewery owners also sought out and assisted local competitors. Rather than believe that proximate competition would harm their business, craft breweries largely felt close competitors would increase regional awareness of craft beer, improve state regulations, and increase patronage to their own breweries. Like the concept of agglomeration effects (Chung & Kalnins, 2001), where organizations benefit by locating near each other, our informants saw numerous cooperative opportunities and advantages in having other craft breweries nearby. First, nearby competitors facilitated cooperative, supply-side interactions, such as ingredient-sharing, borrowing equipment, or touring to learn about brewery operations. Thus, geographical proximity allowed cooperation to occur on a frequent basis. As a Virginia brewery owner clearly explained, “It’s a lot easier to work together with other breweries when they are within an hour’s driving distance of you.” Having competitors nearby also enhanced the cooperative opportunities for demand-side interactions, such as holding guild meetings to discuss state laws, organizing local craft beer events, or marketing other local breweries. For example, existing craft breweries felt that new local entrants would help establish their communities as craft beer destinations and allow for new cooperative activities, such as coordinated craft brewery tours. As a Los Angeles brewery owner who recommended his customers to a nearby competitor explained:

There are 2 or 3 other breweries within a 2-mile radius of us and there’s another 1 slated to open down the street. I can’t wait for him to open, because I’m going to get all his customers. There’s an analogy that I use. Think of Napa. It’s an hour-and-a-half north of San Francisco. Who the hell’s going to go there if there’s 1 winery? Suddenly, you’ve got 50 world-class wineries, and now you’ve got yourself a destination. —L.A., Interview

Overall, the oppositional collective identity, which valued beer quality and diversity, led craft brewery owners to possess a rising tide lifts all boats mentality that facilitated a “united front” with “unified goals.” Our interviewees suggested educating people about craft beer was a

“mission” of the collective that would eventually turn consumers away from mass-produced beers and into craft beer drinkers. As one brewery in California noted, “We try to be more educational and show people a lot of variety. It’s just getting people accustomed to this whole industry...That’s what we shoot for here is just educating the public on different beers, that there is variety out there for everyone.” This rising tide, comprising the pursuit of collective goals, thus represented an expression of the oppositional collective identity. Formally:

Proposition 2a: *In a market category with an oppositional collective identity, member organizations will help new entrants as they share the belief that a rising tide lifts all boats—that is, a belief that cooperation will advance the category and its members.*

The shared belief that a rising tide lifts all boats not only drove cooperative actions among craft breweries, but also competitive actions. Specifically, craft breweries believed that the “tide only rises” if all collective members were producing high-quality beer. Since many potential consumers might be migrating from other alcohols (e.g., wine) or light lagers (e.g., Miller) and were new to craft beer, craft brewery owners wanted that experience to be positive to convert that individual into a future craft beer drinker. Interestingly, this led to a unique desire for high-quality craft beer competitors, as they believed that low-quality competitors had the ability to “lower the tide.” As two Illinois brewery owners and one from North Carolina claimed:

We are all on a mission, mostly craft beer against bland beer...to expose people to beer with flavors and show wine drinkers that beer can be just as or more complex than wine. We are all in this together, so the more entrants, in many ways, the better. But that is only true if everybody is in for the same goal of making great liquid. —Central IL, Interview

My hope is anyone that opens a place does it right. As long as they’re making good product that makes the rest of us all look good, too. —South Central IL, Interview

If they are out there producing an inferior product it could ruin all that work we’ve done to educate that mass-consumer. If they have 1 bad craft beer, then they could assume all craft beer is bad, so I think we call it a rising tide raises all ships. —NC, Interview

Thus, although craft breweries welcomed new entrants by offering them advice and assistance and balked at labeling other craft breweries competitors, they also acknowledged the competitive nature of the market category, and the need to put out a high-quality product for both the collective and their respective breweries to survive. Accordingly, the competitive orientation toward other craft breweries reflected a battle for product quality rather than a battle for shelf space or distribution. Many interview respondents labeled this “friendly competition.”

There is some friendly competition, like I want to make an IPA that is going to be better than that person's IPA. There is that sense of competitive pride. —Queens NY, Interview

Competition with other local breweries is can you beat us operating at our best level. Local breweries like [redacted] are putting out phenomenal beers and we want to put out something that goes side-by-side with them on the same level. —San Diego, Interview

We are in business and still competing with our local small breweries, but really I just compete with myself and other breweries to make the best beer we can. —NC, Interview

In addition to competition over quality, with the exponential rise in the number of craft breweries in the U.S., craft breweries have become increasingly aware of the need to remain, or become, unique. As such, the trademarking of breweries and their respective beers’ names or logos has become a hot-button issue in the industry. A recent article, published in *The New Brewer* (U.S. craft beer trade journal), noted this as potential threat to the cooperative nature of the craft beer category and stimulated breweries to resolve issues without resorting to litigation.

With 3,464 operating U.S. breweries in 2014, the open territory for creating brewery and brand names is becoming much more limited. One unfortunate result of the crowded beverage alcohol marketplace is that these trademark conflicts sometimes get ugly and become very public, threatening to tarnish the community reputation of craft. —The New Brewer (2015)

A review of the last several years of *The New Brewer* and online media publications demonstrates that a competitive outcome of the rising number of breweries has been an increasing number of trademark disputes between craft breweries.³ Still, craft breweries—in

keeping with their cooperative collective identity—handle most trademark issues quietly and amicably, and examples of friendly trademark resolution abound (Crouch, 2014). Half Moon Bay Brewing, which launched a beer entitled “Old Foghorn,” received a personal letter from Fritz Maytag, founder of Anchor Brewing, who owned the name. The letter kindly suggested they find another name and wished them luck with their new brewery (Brown, 2015). Similarly, when Avery Brewing and Russian River Brewing discovered that they were both producing a beer entitled “Salvation,” rather than battle for use of the name, they decided to jointly produce one beer, entitled “Collaboration Not Litigation Ale.” Likewise, our interview respondents consistently noted that although the naming process was “becoming more difficult and competitive” and that it was increasingly important to “do your homework” before choosing a name, most acknowledged these naming issues were largely avoided through friendly phone calls, emails, or personal letters to other craft breweries. Together, while rising tide beliefs fostered a set of collective goals among craft breweries to continually grow the craft beer category, it also challenged them in their attempts to remain distinct and guided them to competitively push one another to make better beer. As an Illinois brewer suggested, the rising tide mentality led to “a nice balance” between competitive and cooperative actions.

We had the [local event] this year and we did a competition for best brewery. Obviously, everybody wanted to win that award. Yeah, there’s competition and we have friendly competition between us, but I think there’s a nice balance between being competitive and being able to work together to make each other better. —South Central IL, Interview

Thus, breweries leveraged cooperation and “friendly competition” to make themselves better competitors both collectively (as a market category competing against mass-producers) and individually (as a craft brewery competing against other craft breweries). Table 5 provides additional interview quotes on the shared belief of a rising tide lifts all boats, including the

realization of collective goals and preservation of the rising tide, and coopetition. The proposition below renders a testable form of our arguments.

Proposition 2b: *In a market category with an oppositional collective identity, the belief that a rising tide lifts all boats will lead member organizations to leverage cooperative actions to realize collective goals and leverage competitive actions to preserve quality, leading to the persistence of coopetition.*

INSERT TABLE 5 ABOUT HERE

Paying it forward and persistence of coopetition

I don't know if Jeff [Dock Street Brewing founder] was right or wrong about the wisdom of being generous with advice, but I know I appreciated it. For many years after, Steve [Brooklyn co-founder] and I tried to reciprocate with others who came to us. I liked our small industry's feeling of community. —Tom Potter, Beer School, Autobiography

We found coopetition also persisted, in part, because craft breweries felt they had received help from established members of the collective when they first started. They therefore felt compelled to reciprocate those behaviors to new entrants. Craft brewery owners frequently referred to this idea as “paying it forward.” In contrast to incumbents who they felt engaged in competitive marketing and distribution tactics, craft brewery owners expressed the need to act in ways consistent with the friendly and cooperative nature of the oppositional collective identity. This ultimately led to an ongoing cycle of coopetition in the market category.

Unilateral giving and indirect reciprocation are not a recent phenomenon. As noted above, breweries that launched in the 1970s and 1980s had established an oppositional identity with cooperativeness at its core. Accordingly, many of the early entrants to the category, “buoyed” by an opposition to mass-produced beer and fueled by a desire to create something better, received immeasurable help from the pioneers of craft beer. In turn, they wanted to “repay some of the generosity” to “the next generation of craft brewers.”

We were buoyed by the sense that consumers wanted something other than mass-produced, lightly flavored beer. As Paul and I worked, we realized we had more in-depth

questions for Jack, so we made another trip to New Albion [established brewery]. As we've grown, we've always tried to repay some of the generosity that was afforded to us... The newer generation of craft brewers has taken the idea of cooperation even further. —Ken Grossman, Sierra Nevada, Beyond the Pale

I felt American beer was lacking in character and variety. That was what drove us into it, and 26 years later craft breweries are more than 10% of the market and taking market share from the big brewers... Bill Newman is one of the pioneers with Newman's Albany Amber. Bill and his wife, Marie, were very helpful to us in the beginning... Today, I'm approached frequently by people starting breweries and asking if I'll talk to them. I'm happy to talk to them. —Brooklyn (est. 1987), Interview

During the 1990s, the number of craft breweries began to increase rapidly—from under 300 breweries in 1990 to over 1,500 in 2000. Still, breweries launching in the 1990s received help from established craft breweries. The owner of a Michigan brewery mentioned that the previous craft brewer generation was instrumental in helping his brewery better understand equipment and launch in 1997; he now gladly returns the favor.

At least every week, there's another brewery here from anywhere in the world visiting our facility and talking to our brewers. —Central MI (est. 1997), Interview

Today, the number of craft breweries is at historically high levels (Brewers Association, 2016). Yet, the pay-it-forward mentality continues. Respondents who launched within the past 5 years praised established craft breweries for offering tremendous help as they started. In turn, these respondents felt it was only right for them to reciprocate cooperative behaviors to new entrants to the market category, which reflects the collective's shared belief in unilateral giving.

I'm happy to tell anybody how to do anything. When we were starting, [3 breweries] were extraordinarily helpful to us. They would let me go in the cellar and ask questions, tour, and show me how to take care of sanitation. —Southwest MI (est. 2011), Interview

New Belgium were like, "Anytime you need anything, just call us." To have a big brewery do that for us, there's nothing they gain from that—they showed us around and offered the helping hand. It makes you feel proud to be part of an industry to see someone using it like that. It's the pay-it-forward mentality. We in turn want to show it to other people, and that kind of has built on itself. —Colorado (est. 2012), Interview

The other brewers who are established as you are trying to get open, they get that and it reminds them of where they were and they get excited and just want to help.
—Central TN (est. 2014), Interview

Thus, the central aspects of the oppositional craft brewer identity, which valued friendliness and cooperativeness as they strove to produce beers with more character and variety than the “flavorless light lagers” produced by incumbents, led craft brewery owners to possess a pay-it-forward mentality that encouraged helping, rather than hindering, new entrants. Paying it forward thus represented an expression of the oppositional collective identity. Stated formally:

Proposition 3a: *In a market category with an oppositional collective identity, member organizations will help new entrants as they share the belief that they should pay it forward—that is, a belief that cooperation should be reciprocated within the category.*

The shared belief of paying it forward also triggers the persistence of coopetition. As noted above, all our respondents suggested that despite growing competition, cooperation still dominated the craft beer industry. In our interviews, craft breweries, even those located in markets with a dense population of other breweries, consistently highlighted helping competitors. For instance, the owner of a Colorado brewery stated, “A big part of the craft beer industry is helping each other out...You don’t need your competition to fail for you to succeed,” while the owner of a San Diego brewery said, “I help where I can, even though other industries might see that as ‘you’re helping the competition get a leg up.’”

Although our respondents shared the belief of paying it forward, we wanted to ascertain whether respondents would continue to do so under further market category maturation. We therefore provided them with a hypothetical scenario:

Imagine growth in the craft beer industry has become stagnant and is not expected to grow. What competitive or cooperative response(s) would you take with your business?

None of our interviewees considered taking direct competitive actions toward other craft breweries as a response. Quite the opposite, most emphasized that working with other craft

breweries would allow them to manage through difficult times and to become better competitors, as described by brewery owners from New York and Colorado.

We've actually had conversations with our friends where it's like maybe we could join forces and you wouldn't spend a million-and-a-half dollars on equipment, and we could build two brands, and that would be a cooperative thing, so we cut our costs and we can probably compete better. —Queens NY, Interview

I think working together with our association like the Brewers Association and our local Colorado brewers to find new solutions and diversifying our product offerings would be the best solution. —Colorado, Interview

We also followed up with an additional eight craft brewery owners to assess whether they would help one another in situations even when doing so presented direct competitive pressures.

Accordingly, we presented them with the following scenario:

Imagine your beer is on draft at a local restaurant and you have a good relationship with the owner. Now, the restaurant is planning to add an additional tap line to sell craft beer. A craft brewery owner in your area has asked you introduce him or her to the restaurant owner in hopes the restaurant will offer their beer on the new tap line. Assume doing so will not help your sales. In fact, let's assume it could likely hurt your beer sales as people might drink the other craft beer rather than yours. What would you do in this situation?

Consistently, our respondents not only suggested they would cooperate in this situation, but most mentioned they had experienced this situation and had offered assistance numerous times before.

I've made those introductions, and other people have made them for me...I've done that, "Hey, you should meet so-and-so, they are making really good beer. —MN, Interview

I'd certainly want to introduce them and help them get their foot in the door because I feel like that would be the right thing to do. —Southcentral LA, Interview

I would introduce the other owner to the bar owner! Why not? It's likely to make it a better bar with increased beer selection. It's not all about the numbers. —CO, Interview

When asked about how they thought other craft breweries might respond to this situation, our respondents stated they anticipated other craft breweries would react cooperatively, and they also provided numerous examples of breweries that had done so.

There are 20 other breweries in the state of Louisiana. I would expect 18 of them would respond in the exact same way that I responded [willing to help] ... Lazy Magnolia was the first craft brewery in Mississippi. The owner at Lazy Magnolia has helped other breweries for years. There is nothing she gets from that—her help has been tens of thousands of dollars to her detriment. Some breweries she has helped have even passed her up, but she continues to help people. —Southwest LA, Interview

Finally, since our interview respondents' continued willingness to cooperate could be influenced by social desirability, we analyzed online data available through the ProBrewer.com discussion forum to systematically assess whether coopetition has persisted.⁴ As Figure 2 illustrates, we looked at the last 12 years of data (the oldest available), and examined the number of replies (i.e., answers) individuals in the community have provided to questions posed by other, often aspiring or nascent craft brewery owners. The data evince that those in the craft brewery community have not only continued to help in recent years, but that the level of assistance has steadily risen relative to the number of breweries. In fact, the data show that in 2004 roughly 3.5 people responded to each question, while in 2016, individuals received five responses per question.

INSERT FIGURE 2 ABOUT HERE

Together, we propose that craft breweries engaged in coopetition because they believed in paying it forward. This shared belief originated decades ago from the oppositional collective identity, in which a smaller number of craft brewery owners who valued cooperation offered guidance to newcomers to the industry. They, in turn, offered help and support to later entrants. Despite an overwhelming influx of new industry entrants and growing competitive pressures, craft breweries continue to help new entrants because they themselves once received help and support, and they now feel the need to repay that help to future collective members. This process became, and remains, self-perpetuating within the craft brewer collective. It allows craft breweries' cooperative efforts to persist. Table 6 provides additional quotations on paying it

forward, including cooperative pioneers and the norm of collective reciprocity, and how it encourages coopetitive behavior. Our final proposition summarizes this mechanism.

Proposition 3b: *In a market category with an oppositional collective identity, collective reciprocity established by cooperative pioneers will lead established member organizations to pay it forward to future member organizations, leading to the persistence of coopetition.*

INSERT TABLE 6 ABOUT HERE

DISCUSSION

Coopetition, or the simultaneous pursuit of cooperation and competition, is a topic of growing importance to organizational scholars (Chen & Miller, 2012). Existing research generally assumes cooperative interactions amongst competitors occur during market emergence and will lessen over time. Through an inductive study of the craft beer industry, we complement this line of inquiry and develop a better understanding of how and why coopetition persists.

Collective identity, generalized exchange and persistence of coopetition

Traditional ideas of reciprocity largely focus on dyadic exchanges (Belmi & Pfeffer, 2015), and are typically defined as situations “in which a person is expected to cooperate with individuals who do something for that individual first” (Goldstein, Griskevicius, & Cialdini, 2007, p. 147). Under these norms of reciprocity, people help others who have helped them. However, we advance the underexplored concept of generalized exchange, in which reciprocity occurs within a collective and is guided by group norms rather than direct personal benefits (Flynn, 2005). In generalized exchange, benefits are exchanged between members of a collective such that the beneficiary does not necessarily reciprocate directly with the giver but instead to another member of the collective (Gal, Blegind Jensen, & Lyytinen, 2014, pp. 1374–1375).

Our results indicate that with a clearly defined ideological opposition, namely incumbent massproducers, craft breweries created cohesion around an oppositional identity that promoted

cooperation within the collective. By examining reciprocity within the context of a collective, we answer calls “to explore differences in the norm of reciprocity across a wider range of communal and exchange contexts besides the ‘personal’ and ‘organizational’” (Belmi & Pfeffer, 2015, p. 53). Specifically, we contribute to recent research on collective identity and social exchange by theorizing the notion of paying it forward fosters more than just one-off social exchanges but a diverse and ongoing set of cooperative interactions within a collective.

Interplay between cooperation and competition

Most research on coopetition leans towards either cooperative strategy or competitive strategy, and scholars have called for studies to examine “how the interplay of competition and cooperation and the balance changes over time” (Park et al., 2014, p. 219). The rising tide lifts all boats perspective, driven by an oppositional collective identity, advances our understanding of the coevolution of both constructs at the industry level. Our findings support the idea that breweries cooperated with one another to achieve collective goals and advance the category. At the same time, they competed with one another to protect the category and ensure the quality standards of the collective were upheld.

Therefore, we propose that in market categories united around an oppositional collective identity, organizations will view low-quality collective members as greater threats to their business because they introduce the risk of “lowering the tide.” At the same time, organizations appear more likely to cooperate with those they perceive as high-quality members of the collective, as they hold the potential to “raise the tide.” We theorize these coopetitive dynamics are driven, in part, by the oppositional category’s desire to avoid becoming like those incumbents to which they are ideologically opposed. As oppositional markets differentiate themselves from incumbents through their underlying ideology about their products and the way in which they are

made (Verhaal et al., 2015), we expect cooperation to persist among oppositional members who uphold their commitment to their ideological beliefs, such as quality.

Therefore, in contrast to prior work that has primarily focused on the economic drivers of coopetition, we highlight the social and non-economic motivations behind coopetition, which have received little attention in the literature (Chen & Miller, 2015). We extend the relational view of competition (Chen & Miller, 2011, 2015) by emphasizing unique sociological and ideological drivers of coopetition. Specifically, our findings indicate that the rising tide and paying it forward mechanisms involve putting self-interests aside to assist new craft breweries. Both sets of shared beliefs, together with the oppositional collective identity, offer theoretical explanations for how and why coopetition persists beyond market category emergence.

We also add nuance to our understanding of the aims of relational-based coopetition, which suggests “the goal [of coopetition] is not to damage or defeat a rival” (Chen & Miller, 2015, p. 761). Within oppositional markets, we find this is only partially true. Rather, engaged in a David versus Goliath like battle, oppositional categories intend to damage and defeat rivals—incumbents. Yet, they stand ready to cooperate with their fellow oppositional members (i.e., “Davids”) regardless of the direct economic benefits they accrue. Although prior research indicates cooperative interactions among competitors normally dissipate over time (Brandenburger & Nalebuff, 1996; Gnyawali & Park, 2009), this could be that prior studies focus on organizations cooperating purely to achieve financial objectives; whereas, oppositional markets possess belief systems that often value other key organizational features (e.g., being small-scale, artisanal, high-quality, authentic). Accordingly, oppositional members, with their non-financial objectives (Verhaal et al., 2015), might continue cooperating because their primary aim is to further their belief system rather than optimize financial performance.

Oppositional identities and the rise of craft

Our research indicates that for craft breweries, their ideological opposition to mega-breweries has been multi-faceted, including disdain for their mass-production of low-quality, flavorless beer, tasteless marketing techniques, consolidation of breweries, enormous size, disregard for local communities, unfair distribution practices, coercive lobbying efforts, and overall deterioration of beer quality and choice throughout the United States. Essentially, the craft beer category positioned itself as opposed to the incumbent category in numerous ways, which likely strengthened the oppositional collective identity and helped it endure.

Many of the characteristics which serve to define what it means to part of the craft beer category—traditional, high-quality, authentic, small, artisanal, innovative, cooperative, and independent—have globally gained importance to both producers and consumers in many industries (Kuhn & Galloway, 2015). This “craft revolution” or “artisan/maker movement” has challenged the ideological status quo of how products are produced and consumed by valuing goals other than organizational growth, efficiency, and economies of scale. This global phenomenon has placed an increased emphasis on cooperation among craft or artisan organizations, working together to assist, rather than hinder, one another. As pioneers in rising craft or artisan categories have constructed a cooperative oppositional collective identity (e.g., through the establishment of guilds that oppose large-scale producers), we envision the non-economic mechanisms we put forth—the rising tide and paying it forward—could lead to a more enduring form of coopetition across numerous industries.

Interestingly, we observed that during category emergence, the “opposition” of craft breweries merely denoted the mass-producers of bland beer, or the “Big 3.” Although such opposition to mega-breweries has persisted, a new opposition has emerged—namely, low-quality

or “inauthentic” craft breweries. Many craft brewery owners cited these breweries as doing greater damage to the collective by tarnishing the reputation of “craft beer” and compromising the values and ideology of what it means to be a craft brewery. In this vein, many craft brewery owners lamented how several (former) craft breweries have sold to mass-producers (e.g., Goose Island acquired by AB InBev), which has served to redefine “the opposition.” With nearly 20 craft breweries being purchased by mass-producers in the past 5 years, these inauthentic craft breweries—those violating oppositional norms by selling to mass-producers—have blurred the boundaries between “us” and “them.” Recent work in the Champagne industry suggests that when members violate norms of the category’s collective identity, organizations can reduce a category’s contrast and potentially harm its collective identity and long-term economic interests (Ody-Brasier & Vermeulen, 2014). Although our work highlights the importance of oppositional identity boundaries, we encourage future work to further explore this idea. Particularly, identity research might benefit from examining how the notion of “the opposition” changes over time, as oppositional collectives redefine “who we are” and “who they are.”

LIMITATIONS AND FUTURE RESEARCH DIRECTIONS

One limitation of our work is that craft breweries may still be cooperative, in part, because sales volume continues to rise despite early category maturation. This begs the question whether such cooperative actions will exist once category growth stops. We took two important steps to address this issue. First, we interviewed craft brewery owners in well-developed and seemingly saturated U.S. craft beer markets (e.g., Denver, San Diego, Michigan) and Belgium. These breweries in established markets still identified numerous opportunities outside their respective regions, and they considered cooperation as a helpful tool to produce and distribute their products. Second, we presented our participants with three hypothetical scenarios in which

growth in the beer/craft beer/and local craft beer industry became stagnant, and we asked what competitive or cooperative actions they would take in response. As we note in the findings, participants overwhelmingly claimed they would still undertake cooperative actions, and in fact, many suggested they would increase their cooperative efforts to weather the storm. Despite these findings, the coming years will serve to validate or invalidate these responses. As craft breweries continue to flood the market and growth in the craft beer industry ends, it will be intriguing to witness whether craft breweries hold fast to their cooperative collective identity and still conform to the collective norms identified, or if they abandon aspects of their identity and pursue more competitive actions to survive. Thus, we recommend future, longitudinal research in this area.

Also, by limiting our study to a single market category, another potential concern is whether our findings extend to other industries beyond craft beer. Our study setting had several unique features, including a clear social out-group in a highly-concentrated beer market (three dominant incumbents with ~90% market share) and a clear in-group in a highly-fragmented craft beer market (~4,000 breweries), a distinct “three-tier” distribution system, highly-variable state and local laws, and a highly social product for which people have tremendous passion. These unique characteristics, such as the inherently social nature of beer, may help explain the friendliness and camaraderie among craft beer producers. Thus, although identity-related mechanisms shed light on why coopetition persists—particularly in maturing oppositional market categories—we recognize other factors could also influence coopetition. Nevertheless, we posit that the craft beer industry generalizes to many other market categories. In fact, this research was initially motivated by coopetitive elements found in previous studies of craft entrepreneurs in an array of industries—e.g., fashion, jewelry, and coffee roasting. Further, recent work highlights the importance of identity to persistent cooperation in the gourmet food

truck industry (Sonenshein, Nault, & Obodaru, 2017). Given that offering advice and support are important elements among craft or artisan communities (Kuhn & Galloway, 2015) as well as user innovation communities (Shah & Tripsas, 2007), we see clear implications for our work in these and other market categories with a strong oppositional collective identity. Still, we encourage future work to explore the boundary conditions of our work in other industries.

CONCLUSION

Although the motivations underlying the formation of coopetitive relations in new market categories are widely acknowledged, the motivations for maintaining such relations in maturing market categories have been unexplored. Our study underscores non-economic mechanisms that explain the simultaneous pursuit of cooperation and competition beyond market category emergence. We hope our findings encourage future research to explore the insights an identity perspective might offer to understand coopetition dynamics.

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Table 1. Initial U.S. interview participant demographic and organizational data

Company Location /Descriptor	Year Started	Owner Age	Yrs of Beer Exp	Yrs of Ent Exp	Employee Count**	Distribution	Brewery Size***	3 Yr Avg. % Sales Growth
Brooklyn (old)	1987	65	0	0	165	25 countries	Large	17%
South Central Michigan	1996	57	0	0	105	9 states	Large	21%
Central Michigan (old)	1997	44	0	0	262	12 countries	Large	54%
Western Chicago	2002	52	19	25	28	Chicago	Medium	9%
Northern Michigan	2007	36	1.5	15	30	MI	Medium	37%
Central Illinois	2007	46	5	5	220	13 states	Large	15%
East Tennessee	2009	35	0	5	5	TN	Small	47%
Central Michigan (new)	2010	39 43	10	0	54	3 states	Large	52%
Southwest Michigan	2010	40	3	14	85	3 states	Large	300%
Queens New York	2011	35	8	10	5	NYC	Small	N/A
Virginia	2012	32	3	4	10	4 states	Medium	33%
Colorado	2012	29	8	7	15	4 states	Medium	100%
Lakeside Chicago	2012	33	8	3	2.5	Chicago	Small	13%
North Carolina	2012	30	3	2	21	NC	Medium	167%
South Central Illinois	2012	34	0	2	35	IL	Medium	N/A
San Diego	2012	28	1	0	34	3 states	Large	96%
Northside Chicago	2013	33	0	0	6	Chicago	Small	N/A
Los Angeles	2013	34	7	12	17	Los Angeles	Medium	N/A
Brooklyn (new)	2013	32 35	7 (each)	0 (each)	2	4 states	Small	51%
Long Island New York	2013	50	25	25	0	NYC	Small	N/A
Central Tennessee	2014	30	3	1	3	Nashville	Small	N/A
* Indicates additional co-founders **Not including founder ***Small: <\$1M in annual sales, Medium: between \$1-\$3M, Large: >\$3M								

Table 2. Data Structure

<i>First-Order Codes</i>	<i>Second-Order Themes</i>	<i>Aggregate Dimensions</i>
<ul style="list-style-type: none"> - Demand-side (i.e., sharing knowledge and resources) and supply-side (i.e., collaborating on beers, events and regulations) - Enduring nature of help and assistance 	Modes of Cooperation	Persistence of Coopetition
<ul style="list-style-type: none"> - Battle <i>for</i> quality (e.g., aroma, taste, palate) and uniqueness (e.g., name, logo), not a battle <i>against</i> other craft breweries - Growing competition yet friendly nature (e.g., awards and rankings, trademark issues often resolved amicably) 	Modes of Competition	
<ul style="list-style-type: none"> - Shared core values (who we are): authenticity, passion, quality, artisanry, cooperativeness - “One-ness” and “we-ness”: friends, family, community - Formal expressions: Brewers Association, guilds, journal 	Within the collective	Oppositional Collective Identity
<ul style="list-style-type: none"> - Ideological opposition against incumbent mass-producers/marketers of bland beer (who we are not) - “Otherness”: lack of passion for beer and profit-driven 	Outside the collective	
<ul style="list-style-type: none"> - Advancement of the craft beer industry - Cooperation to educate consumers (“wineification of beer”) and increase local/regional craft beer awareness (“economies of agglomeration”) 	Realization of collective goals	Rising tide lifts all boats
<ul style="list-style-type: none"> - Protection of the craft beer industry - Gatekeeping towards new entrants - Competition to ensure quality standards are upheld within the collective 	Preservation of rising tide	
<ul style="list-style-type: none"> - A small group of struggling craft breweries established a cooperative community - Early craft breweries provided help to new entrants who came after them 	Cooperative pioneers	Paying it Forward
<ul style="list-style-type: none"> - Established craft breweries are committed to giving help to new entrants, as they received help when they entered the market category - Norms of unilateral giving exist within the collective (i.e., indirect reciprocation, recipient → giver) 	Collective reciprocity	

Table 3. Modes of cooperation

Demand- and supply-side (# of online posts*)	Interview quotes		
Raw Materials (7,456)	If one of us was out of something, we'll call, "Hey, do you have 50 pounds of grain; our truck didn't come in yet." Then, they may call and say, "Hey, we need Columbus Hops, we're out, do you have any?" (Southwest Michigan)	Our yeast wasn't as viable as we thought, so I got a ride over to [other craft brewery] and they split off a bunch of yeast for us. It wasn't like they were reluctant to do it, it was just "sure, yeah, come on over." (Lakeside Chicago)	We sent out an e-mail to our local LISTSERV of breweries and said "hey, we need the hops," and one of the local brew pubs just said "hey, you can buy them," and they didn't gouge us. They sold it to us for what they bought it. (Northside Chicago)
Brewing Operations (45,138)	The craft beer industry is more like, "Hey I am trying to brew this kind of beer, what would you suggest I try, or what kind of brewing method, or what kind of mash." Brewers will usually share. (Central Illinois)	They [brewery] called us because they knew that we had the exact same filter that had gone down. Why they felt comfortable calling us is because of camaraderie that is in the craft brewing industry. (Tennessee)	We were trying a new piece of equipment yesterday for removal beer from barrels and we went on a mailing list and asked people for tips, and we got good advice from very seasoned brewers." (Chicago)
Distribution (1,020)	[Redacted] is another craft brewery we're very close friends with, and we're with the same distributor, talking, trying to learn from each other. Trying not to make the same mistakes twice. (Colorado)	In order to save on shipping, we have been buying brewing barrels, wine barrels. It would be a lot better for us if we could put together a group order and then have them all shipped. (Brooklyn, old)	As we grow, we want to get into different areas for distribution, and a great way of doing that is going in and collaborating with a brewery from that geographic area. (Virginia)
Sales/ Marketing (2,365)	We did a collaboration brew. It was a great experience. Breweries do collaborations a lot. It's just a great marketing piece. (East Tennessee)	I said to [craft brewery], "I want to do a collaborative and release the collaborations that day," and they said, "We are on board, what do you need?" (Northern Michigan)	[Redacted] does not brew a dark beer, and that is why they advertise ours. Thanks to their promotion efforts we are now also selling in Italy. (Belgium)
Business Regulations (1,550)	Once lawmakers are presented with a unified front, they are pretty swift on making changes, so there is a lot of open arms when it comes to legislation. (Tennessee)	I get calls from people, "Hey, I am thinking about doing LEED certification. Can you tell me what your experience was like?" (Central Michigan)	We have new breweries that come in all the time, and we give them advice on what to do with your ABC agent. (San Diego)
General (20,649)	We have had issues in our brew house for different reasons. There are definitely people in the industry that we will call and ask, "hey have you guys ever had this issue?" (Central Michigan)	We have the IL craft brewers' guild, which is a phenomenal group. It allows for exchange of questions, assistance, and help. I think each and every one of us has probably benefitted from the help or advice of somebody else in the local area. (Chicago)	We tend to lean on each other to get answers to problems... We don't have a lot of money to spend on engineering and troubleshooting, so we reach out to our community. (Virginia)

* Number of posts on each respective topic as of May 22, 2016 on ProBrewer.com.

Table 4. Historical presence and endurance of an oppositional collective identity

<i>Late 1970s-1980s</i>	<i>1990s-2012</i>	<i>2012-Present</i>
1978 was the first undeniably pivotal one in the American craft beer movement. Hindsight shows that as the year dawned, the movement was inexorably toward a reckoning. Commercial pioneers like Fritz Maytag and Jack McAuliffe...were in place as if actors on a darkened stage as the audience gathered. Our script even had an appropriately omnipotent villain in Miller and the rest of Big Beer's imperious consolidation (Tom Acitelli, <i>The Audacity of Hops</i>)	With the emergence of the mass-marketed golden lager as a national brand, almost every other style of beer has been in jeopardy of being washed away. The first defiance of this tide came from two men on opposite sides of the Atlantic...Fritz Maytag gave a new life to Anchor Steam, the only brewery at that time not making a golden lager. The tide began to turn in the 1970's. (Michael Jackson, in <i>The Complete Joy of Homebrewing</i> 2 ed., 1991)	We never think about ourselves in the context of Miller, Coors, and those guys. They're in a totally different world. They might as well not even be beer. As far as our circle goes, they're in another realm of the industry. (Brooklyn)
As brewers tried to achieve mass-production and wider distribution, beers became increasingly milder, lighter, and more insipid, as if the mantra was not to make beer with distinctive character or flavor attributes... During the 1980's, it became as if it were a tit for tat competition to see who could produce the least distinctive beer...this [was a] depressing and soulless era of the US brewing industry. (Ken Grossmann, <i>Beyond the Pale</i>)	Our customers like Brooklyn Lager because we are not Budweiser or Coors. They like us because we are special. (Steve Hindy, <i>Beer School</i> , 2005)	We are doing things very different than them [the Big 3] and don't like the way they have done things, what they have done to beer in the U.S., so that does create more cohesion amongst the small breweries. (Central Tennessee)
By the 1970s, a critical shift in Oregon culture laid the foundation for the ensuing decades of growth in the industry. Pub owners and publicans collectively gave the finger to the massive megabrewers while promoting locally made lagers, ales, bitters and stouts. People began to snub generic, processed and multinational corporate products in favor of local handcrafted creations. (Tim Hills, <i>1859 Oregon Magazine</i>)	The world can largely be divided into two segments: the commodity side and the artisanal side. And you won't see the commodity side collaborating the way we do. (Greg Koch, <i>The Craft of Stone Brewing Co.</i>)	The big companies, the AB InBev and the SAB Miller Coors companies. They've been dabbling in what we in the industry or some of us in the industry call crafty type of product line extensions and engagements in the industry. That is not us. That is the competition. (South Central Michigan)

Table 5. Rising tide lifts all boats

Realization of collective goals	Preservation of rising tide
I welcome new entrants. There are many, many passionate people that are going to add greatly to the industry as a whole. (Western Chicago)	We can grow as much as the market will allow as long as we keep doing a really good, high-quality beer out of <i>every</i> brewery, and making sure that when someone drinks craft beer they feel like this is a really awesome product. (Northside Chicago)
What we are trying to do is cultivate an understanding that there is something better for purveyors of beer to drink than those major market brands you see all the time. So as the Brewer's Guild operates, we try to be more educational, we try to show people a lot of variety and it's just getting people accustomed to this whole industry and that there is more out there than the "Big Boys." (San Diego)	My concern is always that whoever it is [new entrants], I just want them to make good to great beer because the rising tide will lift all the boats, and if people are not making great or good beer, I think there are people that will turn away from it and go back to industrial beer. (Long Island New York)
The vast majority of consumers knows very little about beer. We need to educate people, explain what good quality craft beers are, how to taste them etc. (Belgium)	There is a saying that is always used in beer, which is a rising tide lifts all boats, and I think that is totally true...I think that for all of us, new entrants are good. Competition makes all of us better. (Queens New York)
I encourage new entrants. I think a rising tide carries all ships. One of my friends in the Chicago beer industry said, "What do you think about me coming to Michigan?" And I said, "I think that's an awesome idea, please do." So he's opening production in Michigan [nearby] and putting a taproom in...It's better for me. More people are going to keep coming through my corridor. I don't see how I lose. (Southwest Michigan)	We went down and brewed with them [other brewery]. They showed us everything. I was leaving and I remember the owner saying, "Hey man, I showed you everything; you've got to take it back and use it. You've got to change the way you're brewing, because if not you're going to fail. You're brewing Michigan beer; if you're going to brew Michigan beer, you're going to make great Michigan beer because you're representing all of us. If you go down, you're not taking me with you." (Northern Michigan)
All boats rise with one tide. If customers come in and they [craft competitor] introduce five people to craft beer, they have introduced five people to the entire market of craft beer, and we are going to end up sharing that person. (Northern Michigan)	[Nearby craft brewery] offers beer I could see as competition, but on the other hand I kind of go along with their success, so I might also see it as a blessing. Our beers are often compared, because they're the same type of beer. (Belgium)
While everyone is competitive and wants their beer to be the best, we still want to have a united front. We really want to support each other. (South Central Illinois)	I think the danger to the craft beer industry as a whole, is there are a lot of newcomers and a lot of old standbys that just aren't really producing things that are of quality. (Brooklyn, new)

Table 6. Paying it forward

Cooperative pioneers	Collective reciprocity
Jack McAuliffe started New Albion brewery in Cali before Ken Grossman opened Sierra Nevada. His brewery didn't make it, but he was a pioneer who proved the model of a tiny start-up microbrewery could work. In a sweet karmic shout-out that illustrates how altruistic and mutually supportive the craft brewing industry is, last year Sierra invited Jack to collaborate on a beer as part of their 30th anniversary. (Sam Calagione, <i>The Atlantic</i>)	They [established craft brewery] showed us everything they did. What I got out of that was that I needed to help other people once I learned what to do. So I try to find a brewery about 2-3 years old that is really starting to take off. I offer to do a collaboration with them. It's weird because now people look up to us. We go down and brew with them and we bring them back and brew with us and do exactly for them what [redacted] did for us. (Northern Michigan)
Brewers have a long history of helping each other out by supplying malt or hops to another brewer in a pinch, loaning a critical machine part, and even supplying yeast to a fellow brewer...Historically this willingness to help has crossed all segments, and in many instances craft brewers large and small have come to each other's aid. (Ken Grossman, <i>Beyond the Pale</i>)	[Another craft brewery] helped us out. We get contacted every once in a while, I will get an email that says "hey, these guys are opening up a brewery here. Can you let them come down and brew with you for a day? They want to see how the equipment works, blah, blah, blah." We'll say "yes, for sure," because that was big for us. (South Central Illinois)
There were fewer than a dozen new breweries on the East Coast in 1987. We were determined to visit as many of them as we could. Most were quite friendly, as fit the community of brewers' vibe of the time. (Steve Hindy & Tom Potter, <i>Beer School</i>)	When we outgrow our brewery chiller, we put it online and somebody else smaller than us is going to buy it, and we bought ours from somebody who's a little bigger than us. We pay it forward. (Northside Chicago)
Brooklyn ranks with the pioneers. They kind of created the markets. For us coming in when we did, it was much more like all the kind of pioneers had done the heavy lifting, and we kind of were enjoying the fruits of their labor. (Queens New York)	Young and small players can usually offer very little in return to established breweries, but we help out wherever we can to provide assistance to the next stream of newbies. (Belgium)
Between the summer of 1994 and the end of 1997, I invested a good deal of time, effort and money toward the goal of opening in Chicago... I learned a lot about the people in the beer business. I found out that they were generous and willing to help out a newcomer. (Ray Daniels, <i>The New Brewer</i> , Mar/Apr 2000)	Post: I've received nothing but positive responses from our colleagues in the industry in our area (one craft brewery owner traveled almost 2 hours each way to testify on our behalf for a zoning text amendment hearing.) Response: Yes, and it inspires me to be willing to share information and advice with those who come after us. (ProBrewer.com, Online post)
All the hard work of the big breweries like Avery, Brooklyn, Stone, Sierra Nevada, and even Sam Adams. Those guys laid a lot of the groundwork to make it much easier for these craft breweries like ourselves to come in. (CO)	I think there is definitely an aspect of the pay-it-forward mentality. (Lakeside Chicago)

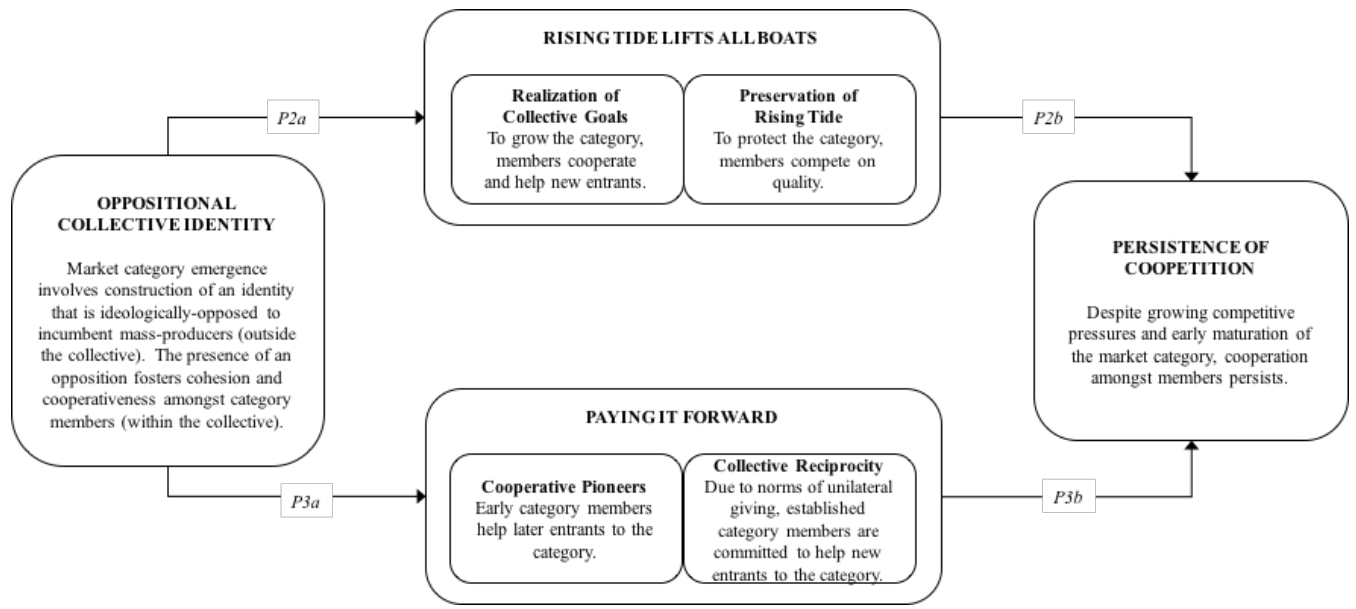


Figure 1. A process model of the persistence of coopetition in a market category

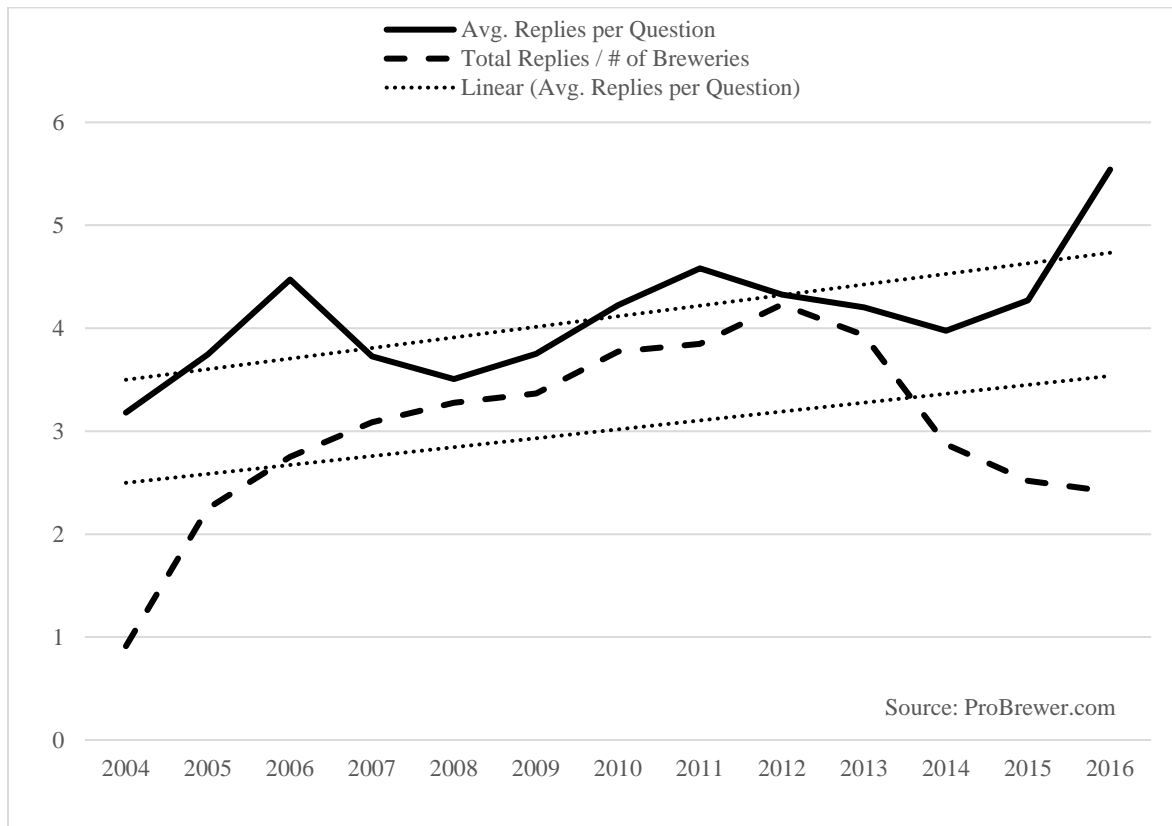


Figure 2. Number of responses to online discussion forum questions and number of U.S. craft breweries (2004-2016)